

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – OCTOBER 6, 2004

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; Aidan Moore, Chief of Enforcement; John Bunnell, Administrator of Marketing & Sales; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer. Guests: Al Picconi, United Beverages, Inc.

EXCUSED: Craig Bulkley, Bureau Chief of Administrative Services; Evie Taft, Human Resources Administrator.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending October 3, 2004 compared to October 5, 2003 shows retail sales were up almost 1.9%, on-premise sales were down about -1.9%, off-premise sales were up 18.8%, and total aggregate sales were up 4.5%. The traffic count increased by 1,558, as did the average sales ticket by \$.12.

The W-1 Total Weekly Sales Report for the same week confirms total sales for the week were up almost 4.5% or \$381,991, and were also up for the year by 7.2% or \$7,396,220. Weekly wine sales increased by 5.6% or \$188,347, and also increased by 8.7% or \$3,917,434 for the year. Sales of spirits rose 3.47% or \$130,645 on a weekly basis, as they did year-to-date by 6% or \$3,478,786.

B. Budget/Administrative Reports:

There was nothing of significance to report regarding depletions/post-offs or credit cards.

The W-6 Expense Budget Activity Variance Report for the week ending October 5, 2004 shows the year to be at around 26.5% expired, with total agency expenditures at about 22.5% of the budget. Benefits are up \$589,000 over last year. ACR payments account for a majority of the increase in maintenance costs. Commissioner Byrne questioned the high benefits costs. Adjustments will be made to transfer funds into this account now, if necessary. There was some further discussion regarding this; George will report back to the Commission next week.

Howard met with members of OIT management, who are trying to determine what “talent” exists in IT within the Commission. He expects to receive a re-assignment request later to realign positions within the management structure. This should not effect support given to the Commission, but should actually improve it by providing a larger pool of help desk personnel.

Gift cards are now available through the net. The changes from the previous demonstration have been implemented. Howard is ready to re-demonstrate this process, incorporating changes which were received at last Friday’s meeting, to interested staff.

Law package programming is now in place and appears to be working well.

II. MARKETING & SALES REPORTS

1. Store Operations

Total sales for the week ending 10/3/04 were up 1.35% or \$74,365.07. In addition, sales increased for the year by around \$5.8 million or 7.6%. The new Bedford store is producing well over \$50,000 each week.

The relocation of the Swanzey store last week went smoothly. Peter spoke with the landlords for the Glen and Berlin stores in regards to keeping stores at both of these locations. Peter will meet with the Glen landlord relative to making some improvements to the store premises.

Dolphin equipment will be used to take inventory at four store locations. In-house training will take place this coming Friday. Howard mentioned that the styluses are not tethered, but the manufacturer should supply some of these within the week. The Commission will provide that company with information for a press release.

The “Celebrate New Hampshire” price book is still in high demand, especially at the interstate stores.

There will be a meeting at the site of the new Keene store tomorrow at 9:30 a.m.

2. Purchasing Report:

Marketing is working with several brokers regarding items which are currently out of stock.

3. Merchandising Report:

A. SPIRITS:

1) Addition to “Hot Brands”:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the addition of Code #273, Sauza Gold Tequila, 1.75L size and Code #5445, Jagermeister, 750ML size to the Hot Brands program, and remove Code #3840, Smirnoff Raspberry, 1.75L size from the program, effective November 1, 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Bowmore Scotch Holiday Program:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/ White Rock Distilleries to conduct a Bowmore Scotch Holiday program from November 15, 2004 through January 2, 2005 featuring eleven (11) single malt products, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers:

a. Special Offers for the Thanksgiving Sale (8 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve eight (8) wine products to be featured on sale during the Thanksgiving Sale 2004, November 18 through November 28, 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Additional Special Offers for November & December 2004
(2 items – Pine State Trading Co./E&J Gallo Winery):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company/E & J Gallo Winery, based upon depletions of two (2) wine products, to be featured on sale during November and

December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Special Offers for November 2004 (26 items – United Beverages):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions and special purchase allowances for twenty-six (26) wine products, to be featured on sale during November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Recommended Wine Specialty Products (12 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twelve (12) wine items to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Not Recommended – Wine Allocation (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the non-recommendation of one (1) wine item for designation as a wine specialty product, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Allocated Wines for Distribution to Selected Stores (12 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the distribution of twelve (12) allocated wines to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Primary Source Submissions (12 exclusive agent; 32 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of twelve (12) wine codes which are not from primary source, but are offered by the exclusive marketing agent and thirty-two (32) wine codes which are not from primary source, but are

imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated September 30 through October 6, 2004. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

a. October Offer (Vat 69 Gold):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from United Beverages, Inc., based upon special purchase allowances for one (1) spirit item, to be featured on sale for the remainder of October 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

